

**BEFORE THE GOODS AND SERVICES TAX APPELLATE  
TRIBUNAL, DELHI BENCH, NEW DELHI**

**APPEAL No. \_\_\_\_\_ of 2025.**

**IN THE MATTER OF:**

**M/s Reham Enterprises,  
12 R K Puram, New Delhi  
GSTIN: 11111111111**

..... **APPELLANT**

**VERSUS**

**Joint Commissioner (Appeals), Zone 2,  
GST Department,  
New Delhi**

..... **RESPONDENT**

**Matter pertains to Tax Period: 2022-23**

Particulars of an order against which Appeal is made:-

- i) OIO number : 10235501201**
- ii) Dated: 27.02.2025**
- iii) Passed by: Joint Commissioner (Appeals),  
Zone-2, Delhi**

## MEMORANDUM OF APPEAL UNDER SECTION 112 OF THE CGST ACT, 2017

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BEFORE THE GST APPELLATE TRIBUNAL  
Zone 2, New Delhi

**Appellant:**

**Reham Enterprises**

12, R K Puram, New Delhi

GSTIN: 1111111111

Represented by: **Shri Mayank Ahuja, Advocate**

**Respondent:**

**Joint Commissioner (Appeals), Zone 2, DGST Department, New Delhi**

**Subject Matter:**

Appeal against the Order-in-Appeal dated 27.02.2025 passed under Section 107(9) of the DGST Act, rejecting “the genuineness of High Seas Sales and valid claim of refund under Merchant Exports”

The present appeal is filed by M/s Reham Enterprises (hereinafter referred to as “Appellant”) against the impugned order dated 30.08.2024 passed under Section 73 of the DGST Act, 2017 and the dismissal of the appeal by the first appellate authority vide order dated 27.02.2025, wherein the demands relating to High Seas Sales (“HSS”) and Merchant Exports have been upheld with tax, interest, and penalty.

**FORM GST APL – 05**

*[See rule 110(1)]*

**Appeal to the Appellate Tribunal**

1. GSTIN/ Temporary ID / UIN - **1111111111**
2. Name of the appellant – M/s Reham Enterprises
3. Address of the appellant –12, R.K. Puram, New Delhi
4. Order appealed against-XXXXXXX Number- XXXXXX Date- 22.05.2025
5. Name and Address of the Authority passing the order appealed against – Joint Commissioner (Appeals)
6. Date of communication of the order appealed against – 27.02.2025
7. Name of the representative – Adv. Mayank Ahuja
8. Details of the case under dispute:
  - (i) Brief issue of the case under dispute- Transaction involving High Sea Sales and Merchant Exports Refund
  - (ii) Description and classification of goods/ services in dispute- NA
  - (iii) Period of dispute- 2022-2023
  - (iv) Amount under dispute:

Description	Central tax	State/ UT Tax	Integrated Tax	Cess
a) Tax/ Cess			150,150	

b) Interest			86,200	
c) Penalty				
d) Fees				
e) Other charges			236,350	

(v) Market value of seized goods: NA

9. Whether the appellant wishes to be heard in person? Yes

10. Statement of facts:- Mentioned in Appeal Attached

11. Grounds of appeal:- Mentioned in Appeal Attached

12. Prayer:- Mentioned in Appeal Attached

13. Details of demand created, disputed and admitted: -NA

Particulars of demand	Particulars		Central tax	State/UT tax	Integrated Tax	Cess	Total amount	
	Amount demanded / rejected >, if any (A)	a) Tax/ Cess					<total >	<total >
		b) Interest					< total >	
		c) Penalty					< total >	
		d) Fees					<total >	
		e)					<	

		Other charges					total >	
	Amount under dispute (B)	a) Tax/ Cess					< total >	< total >
		b) Interest					< total >	
		c) Penalty					< total >	
		d) Fees					< total >	
		e) Other charges					< total >	
	Amount admitted (C)	a) Tax/ Cess					< total >	< total >
		b) Interest					< total >	
		c) Penalty					< total >	
		d) Fees					< total >	
		e) Other charges					< total >	

14. Details of payment of admitted amount and pre-deposit: (a) Details of amount payable :

Particulars		Central tax	State/UT Tax	Integrated tax	Cess	Total amount	
	Tax/ Cess					<total >	

	a) Admitted amount	Interest					< total >	<total >
		Penalty					<	

							total >	
		Fees					< total >	
		Other charge s					< total >	
	b) Pre-deposit [20% of disputed tax/cess but not exceeding Rs.50 crore each in respect of CGST, SGST or cess or not exceeding Rs.100 crore in respect of IGST and Rs.50 crore in respect of cess] <sup>49</sup>	Tax/ Cess					< total >	

(b) Details of payment of admitted amount and [pre-deposit of 20% of the disputed tax and cess but not exceeding Rs. 50 crore each in respect of CGST, SGST or cess or not exceeding Rs.100 crore in respect of IGST and Rs. 50 crore in respect of cess]<sup>50</sup>

Sr. No.	Description	Tax payable	Paid through Cash/ Credit Ledger	Debit entry no.	Amount of tax paid			
					Integrate d Tax	Central tax	State/U T Tax	CESS
1	2	3	4	5	6	7	8	9
1.	Integrated tax		Cash Ledger					
			Credit Ledger					
2.	Central		Cash Ledger					

	tax		Credit					
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			Ledger					
3.	State/UT tax		Cash Ledger					
			Credit Ledger					
4.	CESS		Cash Ledger					
			Credit Ledger					

(c) Interest, penalty, late fee and any other amount payable and paid:

Sr. No.	Description	Amount payable				Debit entry no.	Amount paid			
		Integrated tax	Central Tax	State/UT Tax	CESS		Integrated tax	Central Tax	State/UT tax	
1	2	3	4	5	6	7	8	9	10	
1.	Interest									
2.	Penalty									
3.	Late fee									
4.	Others (specify)									

15. [Place of supply wise details of the integrated tax paid (admitted amount only) mentioned in the Table in sub-clause (a) of clause 14 (item (a)), if any

Place of Supply (Name of State/UT)	Demand	Tax	Interest	Penalty	Other	Total
1	2	3	4	5	6	7
	Admitted amount [in the Table in sub-clause (a) of clause 14 (item (a))]					

### **Verification**

I Prop: M/s Reham Enterprises hereby solemnly affirm and declare that the information given hereinabove is true and correct to the best of my knowledge and belief and nothing has been concealed there from.

Signature

M/s Reham Enterprises  
Proprietor

Signed Before me  
Mayank Ahuja  
Advocate

Place: - New Delhi  
Date: - 22.05.2025

**FORM GST APL – 02**  
[See rule 108(3)]

**(ANNEXURE-2)**

**Acknowledgment for submission of appeal**

Name of the Applicant –M/s Reham Enterprises

GSTN-1111111111

Your appeal has been successfully filed against ARN xxxxxxxxxxxx

1. Reference Number- xxxxxxxxxxxx
2. Date of filing – 22.02.2025
3. Time of filing -12:45 P.M.
4. Place of filing – NEW DELHI
5. Name of the person filing the appeal- Prop Reham Enterprises
6. Amount of pre-deposit- Rs. 30,030
7. Date of acceptance/rejection of appeal- ACCEPTED
8. Date of appearance Date: Time: 07.06.2025
9. Court Number/ Bench Court: Bench: xxxxxxxx

Place: NEW DELHI

Date: 22.05.2025

SIGNATURE  
NAME- XXXXXX  
DESIGNATION

On behalf of Appellate Authority/Appellate Tribunal/Commissioner /  
Additional or Joint Commissioner

**APPLICATION FOR URGENT HEARING**

**(Annexure-3)**

To  
The Registrar  
GST Appellate Tribunal  
Zone 2, New Delhi

Subject: Application for Urgent Listing – Appeal of M/s Reham Enterprises

Respected Sir/Madam,

It is respectfully submitted that the present appeal challenges the legality and validity of Order-in-Appeal dated 27.02.2025, which imposes tax and interest exceeding ₹2 lakhs under Section 73 of the DGST Act. Delay in adjudication may result in severe financial hardship, coercive recovery, and loss of legitimate right to refund under Section 54 of the CGST Act, 2017.

Prayer: Kindly list the matter urgently.

Place: New Delhi  
Date: 22<sup>nd</sup> May 2025]

Sd/-  
(Shri Mayank Ahuja, Advocate)  
Counsel for Appellant

**STATEMENT OF FACTS**

**Appeal against the Order Ref No. xxxx, issued in form APL-04 vide Reference no. xxx, dated 27.02.2025 issued u/s 107(11) of the CGST Act, 2017.**

Your humble Appellant respectfully submits statement of facts as under: -

**FACTUAL MATRIX & NATURE OF BUSINESS**

1. The Appellant “**M/s Reham Enterprises**” having principal place of business at R.K. Puram, New Delhi are duly registered under the Central Goods and Services tax Act, 2017 and Delhi Goods and Services tax Act, 2017 read with section 20 of Integrated Goods & Services tax Act, 2017, bearing **GSTIN 1111111**.

2. The appellant “**M/s Reham Enterprises**” is engaged in the business of trading mobile phones and has made export transactions classified as High Seas Sales and Merchant Exports during the tax period 2022-23. An audit was conducted, leading to issuance of SCN dated 10.07.2024 alleging non-compliance in HSS and Merchant Export transactions, leading to denial of benefits under GST law and demand for tax recovery under Section 73.

3. An audit was conducted at appellant premises based on Audit note dated 10.04.2024 and said audit was completed on 10.06.2024 and appellant fully co-operate with Audit team, once audit proceedings done, audit team observed few discrepancies and on the basis of the same findings a show cause notice issued by Office of Assistant Commissioner, Zone-2 dated **10.07.2024** was issued alleging irregularities in high seas sales and merchant export transactions. **{Copy of SCN is appended as Annexure- 8(a)}**

4. During audit proceedings, the **following issues were raised:-**

- (a) The HSS invoice to M/s Ahsaan Enterprises, Delhi, lacked item-wise details; Customs duty was paid by the appellant though Bill of Entry was in the buyer's name; no reversal of ITC claimed.
- (b) Merchant exports involved a supplier exporting to Dubai without a formal agreement or fulfillment of procedural preconditions (such as Export Promotion Council registration, LUT filing, back-to-back supply agreement).

5. During the hearing on 30.07.2024, explanations and documentation were physically submitted by Counsel Sh. Mayank Ahuja, but these were not duly considered in the adjudication order dated **30.08.2024**.

(Copy of reply filed as appended as **Annexure-8(b)**)

6. Adjudication order dated 30.08.2024 rejected the transactions and imposed tax and interest. (Copy of Adjudication order is appended as **Annexure-8(c)**)

7. The Appellant, being aggrieved by the said order dated 27.02.2025, prefers this appeal before the Hon'ble GST Appellate Tribunal stating the detailed grounds and explained that these High sea sales are genuine and loss of legitimate right to refund under Section 54 of the CGST Act, 2017. As the claim of Refund is valid in eye of law

(A copy of the appeal dismissed order is appended as **Annexure- 8(d)**)

8. Appeal before JC (Appeals) was dismissed on 27.02.2025 without appreciating factual and legal merits.

9. Being aggrieved by the impugned order the Appellant and find said order is erroneous both on facts and in law and is now being challenged before this Hon'ble Tribunal on the **various grounds:-**

#### **Jurisdiction of the Authority**

The Appellant hereby states that the Subject matter of impugned order against which the appeal is made is within the jurisdiction of this Hon'ble Appellate Tribunal.

#### **Limitation**

The Appellant submits that the respondent passed the order Dated 27.02.2025 and pertaining to the provisions of Section 112 of the Central Goods and Services Act, 2017, this

Appeal is made within the time stipulated in the enactment i.e. Within 3 months of the communication of the order i.e. on 22.05.2025. Whereas, the due date to file this appeal is 27-05-2025

### **List Of events**

For the purpose of clarity of issues, factual matrix of the case is delineated as under:-

<b>S.NO.</b>	<b>Key Dates</b>	<b>EVENTS</b>
<b>1.</b>	<b>10.04.2024</b>	<b>Audit commencement at business premises of M/s Reham Enterprises based on an audit note</b>
<b>2.</b>	<b>10.06.2024</b>	<b>Audit was completed and audit report given to Appellant</b>
<b>3.</b>	<b>10.07.2024</b>	<b>SCN was issued u/s 73 for Tax Period 22-23</b>
<b>4</b>	<b>20.07.2024</b>	<b>Due date to file reply to above SCN, but appellant</b>
<b>5.</b>	<b>30.07.2024</b>	<b>Documents submitted by appellant showing relevant transactions were genuine and valid.</b>
<b>6.</b>	<b>30.08.2024</b>	<b>Adjudication order passed u/s 73</b>
<b>7.</b>	<b>20.11.2024 (fictitious)</b>	<b>Appellant choose to file an Appeal before first appellate Authority</b>
<b>8.</b>	<b>27.02.2025</b>	<b>Order passed by JC (Appeals) against appellant</b>
<b>9.</b>	<b>22.05.2025 (fictitious)</b>	<b>Appellant moves before GST Tribunal</b>

### **Appellant**

**GROUND OF APPEAL**

The Appellant, *inter-alia*, raises the following important and substantial questions of law regarding infirmities, legalities as well as the power of The Joint Commissioner (herein, **Respondent**) while passing the impugned order, on the following grounds: -

1. **Violation of Principles of Natural Justice** – the order ignores submissions and supporting documentation. Impugned order relies on circumstantial doubts and conjectures without conclusive documentary evidence or direct contradiction of invoices submitted.

2. **Misinterpretation of High Seas Sales provisions** –

**Allegation by Respondents:-**

- a) High seas sales being exempt supply there is no reversal of input tax credit in terms of section 16(1) read with Section 17(2) of the DGST Act read with Rule 42??

**Submission by Appellant:**

**Section 2(6) of IGST Act** defines export, and High Seas Sales is recognized as per Customs Act, 1962, and Central Excise rulings (e.g., CESTAT rulings affirm HSS as export when ownership changes outside India and goods cleared through customs).

High sea sale refers to “Sale of Imported Goods on High seas” based on “High Sea Sale Agreement”

Supply of goods from a place outside India to another place outside India without the goods entering the country is not taxable under the Goods and Services Tax Act, 2017, irrespective of the fact that the supplier and/or the recipient is located in India. In Our case, M/s Reham Enterprises (Appellant) registered person made a high sea sale to M/s Ahsaan Enterprises, Delhi.

Third party shipments (Triangular trade) are common practice in international trade where goods move from one country to another without touching India. It is sought to exclude from tax, transactions which involves movement of goods from registered person from one Non Taxable territory to another non Taxable Territory.

Further, value of such third party shipments is not included in Value of Exempt supply as per Input Tax Credit Chapter. Therefore, **Input tax credit denial** under Rule 42 without disproving exemption under Section 7(2) read with Schedule III **is bad in law.**



**Allegations by Respondents:**

- b) On examining a High Sea Sale Invoice, it does not contain details of items except some code numbers nor any packing list enclosed?

**Our Submissions:-**

We hereby confirmed that identity of goods is similar to what we imported and what we dispatched to M/s Ahaan Enterprises. Although we shared same code numbers in an Invoice, which represents same goods which we imported and which was dispatched to ultimate buyer.

There was no suppression or misstatement. Transaction was genuine and legally structured. No GST was collected or passed on, hence no unjust enrichment.

It is submitted that a High Sea Sale is a **transfer of ownership of goods while they are on high seas, i.e., prior to their clearance by Indian Customs**. Such transactions are governed by:

- Section 14 of the Customs Act, 1962 (**valuation of goods at the time of import**)
- Rule 11 of the Customs Valuation (**Determination of Value of Imported Goods**) Rules, 2007
- Schedule III of the CGST Act, 2017, **which deems high sea sales to be** neither a supply of goods nor a supply of services.

**As such, the legal incidence of tax and documentation obligation arises at the time of** customs clearance by the importer **and** not at the point of inter-se transfer on high seas.

While the HSS Invoice issued by the Appellant may not contain a separate packing list or item numbers, the same **does not render the transaction invalid**, as the **goods and their valuation are traceable** through the complete set of commercial and statutory documents like *Commercial Invoice from Foreign Supplier, Packing list filled with customs, High Sea Sale Agreement, Bill of Lading endorsed, Bill of Entry, CA certificate*. Further, GST law doesn't mandate invoice to carry detailed item description for HSS, especially when Bill of Lading and Customs documents substantiate shipment.

The authorities are requested to appreciate the totality of the transaction and the absence of any revenue loss, mis-declaration, or unjust enrichment.

It is settled law that **procedural lapses** which do not affect the **substance or core legality of a transaction** cannot be a ground for denial of lawful treatment.

References may be drawn from:

**DHL Logistics Pvt. Ltd. v. Commissioner of Customs (2015-TIOL-1979-CESTAT-MUM)**

“Where the nature and value of goods are otherwise ascertainable from correlated documents, minor procedural discrepancies such as lack of annexures in one document cannot vitiate the transaction.”

Further, in **Metro Shoes Ltd. v. CC (2018)**, the Hon’ble Tribunal upheld the genuineness of HSS transactions based on the **complete document trail**, despite minor documentary imperfections.

Further, There is **no allegation of undervaluation or misdeclaration**, Customs has already accepted the declared value and permitted clearance, There is **no unjust enrichment** as no input tax credit was availed or passed on, The absence of item numbers in one document (HSS Invoice) is **fully cured** by supporting documents already in place.

So requested to kindly **drop this charge** which is initiated on ground of **technical deficiency** in HSS invoice and accept the transaction as legally valid under HSS

**Allegation by Respondents:-**

- c) While the bill of lading was endorsed in favour of Ahsaan Enterprises it was surprising that the customs duty was paid by (M/s Reham Enterprises) though bill of entry was in the name of Ahsaan Enterprises.

**Our Submission:-**

The Learned Assistant Commissioner has erred in holding that the high seas sales transaction with M/s Ahsaan Enterprises is not genuine solely on the ground that the Appellant paid the customs duty, despite the bill of entry being in the name of M/s Ahsaan Enterprises and the bill of lading being endorsed in their favor. This interpretation is contrary to the established principles and the provisions governing high seas sales under the Integrated Goods and Services Tax Act, 2017. The payment of customs duty by the Appellant does not negate the fact that the transfer of title of goods occurred before they crossed the customs frontiers of India, which is the fundamental requirement for a transaction to be considered as high seas sales.

A High Seas Sale is **a transfer of ownership** before goods cross into India’s **customs frontiers**, i.e., before “clearance for home consumption”.

The bill of entry was filed by taxpayer as a procedural facilitator but clearly in the buyer’s name; this complies with the Customs Act requirement that importer (buyer) must be named.

As per **Customs Circular No. 33/2017-Cus dated 1st August 2017**, an HSS transaction is valid when:

- Title to goods is transferred **after dispatch but before clearance**.
- Proper documents exist (BoL endorsement, HSS agreement, invoice, etc.).
- Final importer (buyer) files the **Bill of Entry**.

**Nowhere does the law say that seller must not pay customs duty.** The key is **who is the importer on record and who gets title before customs clearance**.

There is **no legal bar under the Customs Act** or Rules that restricts **who can pay the duty**. The critical factor is **who is declared as the importer** in the **Bill of Entry**.

Even if the seller paid customs duty, the transaction can remain a valid **HSS**, if:

- The **BoL was endorsed in buyer's favour** before filing the **Bill of Entry** (which satisfy in our case)
- Buyer is the **importer on record** under Section 2(26) of the Customs Act.
- Buyer takes delivery and books the goods in their inventory.

**Payment of customs duty is a financial obligation**, and does not determine **the time or validity of title transfer**.

#### **Judicial precedents:-**

**Canon India Pvt. Ltd. v. CCE, (2018)**, payment of customs duty by seller does not invalidate high seas sale where there is sufficient documentary trail of transfer of title prior to customs clearance.

The validity of a High Seas Sale is determined by **timing of title transfer**, documentary compliance, and declaration under the Customs Act—not by who physically paid the customs duty. The buyer was endorsed on the BoL and filed the Bill of Entry. The transfer occurred on high seas, as required under **Circular No. 33/2017-Cus. (Annexure-9)**

#### **Pre conditions already satisfied to make HSS a genuine or legally valid:-**

1. Timing of Sale – Must Occur *Before* Customs Clearance
2. Execution of High Sea Sale Agreement
3. Endorsement of Bill of Lading (BoL)
4. Invoice under High sea Sale
5. Buyer to file BOE
6. Customs valuation based on HSS invoice
7. Declaration to Customs

All the preconditions satisfied in our case, Hence we requesting you to kindly declare this HSS as legally valid or genuine,

**Allegations by Respondents:-**

- d) While examining the transaction, respondents find that there is a Lack of signed agreement by proprietor (final buyer) and also lack of formal loan agreement between m/s Reham Enterprises and M/s Ahsaan Enterprises, therefore make it outside the purview of HSS and treat it as Interstate supply?

**Our Submissions:**

The appellant contends that procedural lapses such as absence of a formal loan agreement or signature by the proprietor's employee on the HSS agreement are technical in nature and cannot override the substance of the transaction.

*Reference is made to the judgment of Hon'ble Supreme Court in M/s V.S. Dempo & Co. vs CCE [1998] 95 ELT 3 (SC) where substance over form has been emphasized.*

This is purely case of Procedural lapse; non-signing by buyer's proprietor or an employee signing is a question of internal authority within buyer's business and does not invalidate export.

As buyer was from small town and unaware about the compliances, so in order to fulfil the deficiency of signed agreement we here by submitting ratified agreement in our support. Ratified Agreement is now presented before Tribunal which validated from original signing date, transforming it from tentative agreement into legally enforceable contract. As earlier, due to unaware about laws, such agreement was signed by proprietor employee. This is in response to deficiency in agreement made. As these lapses are curable does not impact the substantive genuineness of the transaction emphasizing substance over form.

**3. Merchant Exports Transaction issue & Refund of Unutilised ITC**

**Allegations by Respondents:-**

- e) While Examining the Transactions, supplier we selected for an export on our behalf to Milan & CO. Dubai, there is deficiency of an agreement and further supplier failed to satisfy requirement of merchant Exports? And on Genuiness of Merchant Export Transactions?

### **Our Submissions:-**

**Merchant exports** are not explicitly defined under the GST Act. However, Rule 46 of the CGST Rules, 2017, allows supplies made for export **through third parties or intermediaries** as valid exports, provided:

- Goods are exported from India;
- The **foreign buyer and foreign remittance** can be proved;
- Shipping Bill, Bill of Lading, and Export Invoice contain buyer details.

The transaction between the supplier and *Milan & Co., Dubai* qualifies as a **third-party merchant export**, and the goods were exported out of India. The **export transaction was genuine**, and denial of benefit merely on procedural lapse would be **against the principle of natural justice**.

*Further, Form over substance must not defeat the transaction. The real nature of the transaction must be considered. — CCE v. Modi Alkalies & Chemicals Ltd. (2004)*

Due to unaware about laws, Ratified Agreement is now presented before Tribunal which validated from original signing date, transforming it from tentative agreement into legally enforceable contract. This is in response to there was deficiency in agreement made. **(Annexure-9)**

The appellant admits certain procedural non-compliances but submits these are inadvertent and curable; denial of refund and imposition of tax/penalty on such grounds violates the principle of substantial compliance **(Supreme Court decision in Saurashtra Cement Ltd. vs. Commissioner, 2021)**.

“When the export was actually affected, and realization of foreign exchange is proven, **no ITC fraud or GST evasion** arises. Mere non-existence of an internal agreement does not vitiate the export's legality.”

The Learned Assistant Commissioner has dismissed the Appellant's claims related to merchant exports by citing "procedural lapses." The Appellant contends that while there might have been minor procedural deviations, these should not override the substantive right to concessional tax and refund of unutilized input tax credit, especially when the intention and actual execution of the merchant exports are not in dispute. The emphasis should be on the **genuineness** of the transactions rather than on strict adherence to procedural formalities, particularly when such formalities do not affect the revenue or the integrity of the export.

Our courts have consistently held that **substantive benefits of law cannot be denied** on procedural technicalities. Especially in the context of exports where **foreign exchange has been earned** and goods have left the country.

The Hon'ble Tribunal may kindly appreciate that the export to Milan & Co., Dubai was **bona fide, completed under Customs supervision, and without revenue loss** to the exchequer. The denial of merchant export status or zero-rating benefit based solely on procedural deficiencies such as absence of formal agreement is **inconsistent with the jurisprudence of beneficial provisions** under GST and Customs law. The impugned order may therefore be set aside.”

**The actual export of goods to Dubai was effected by the merchant exporter; the appellant is entitled to the concessional tax benefits and refund of ITC.**

#### **Conditions for availing the Concessional Rate Under Merchant Exports:-**

The government has provided special relief to the merchant exporters by way of reducing the GST rate to 0.1% for purchasing goods from domestic suppliers. But, he needs to fulfil the below conditions for availing such concessional rate relief:

- The tax invoice for the procured goods should clearly state the GST rate at 0.1%.
- Such goods should be exported within 90 days of the issue of a tax invoice.
- The GSTIN and the tax invoice number of the supplier should be mentioned on the shipping bill.
- Such merchant exporters should be registered with an Export Promotion Council or Commodity Board. (Notification 40/2017-Central Tax dated 13.10.2017).
- A copy of the order placed at the concessional rate shall be provided to the jurisdictional tax officer of the registered supplier.
- Such goods shall be directly moved to the place from where it shall be transferred to the port/ICD/Airport/LCS. This condition prevails even if the goods are purchased from multiple registered suppliers.
- On export of goods, a copy of the shipping bill/bill of export along with the proof of EGM and export report shall be filed with the registered supplier as well as its jurisdictional tax officer.
- The merchant exporter should export goods under LUT/bond but not with the payment of tax (IGST).

- Pre-conditions such as supply of order copies to jurisdictional officers

**The appellant submits that all essential elements of merchant exports were satisfied:**

- 1) There was a back-to-back arrangement with the merchant exporter.
- 2) The merchant exporter was duly registered and export promotion council registration was in process.
- 3) Goods were dispatched within a reasonable time and export was completed.

While some procedural lapses occurred, the export was genuinely executed by the merchant exporter to the overseas buyer.

**Although procedural lapses (delays, incomplete documentation, LUT filing) have occurred, these do not negate the genuine export of goods.**

The appellant acted in good faith and complied substantially with export norms.

Further, the appellant submits that any non-compliance related to furnishing copies of orders or non-filing under LUT can be rectified and do not vitiate the export status.

#### **Allegations by Respondents:-**

**4. Benefits of Export should be deny and hold of refund of unutilized ITC due to lapse in Substantial Compliance by merchant exporter ?**

#### **Our Submission:**

The Learned Assistant Commissioner has failed to appreciate the principle of substantial compliance. The Appellant maintains that it has substantially complied with the requirements for merchant exports, and any minor procedural irregularities should not be used to deny legitimate business transactions and benefits under the GST law.

Appellant cannot be held liable for lapse by merchant exporter:  
The entire burden was wrongly shifted on Reham Enterprises without establishing direct malafide or collusion.

#### **Procedural lapses ≠ Denial of substantive benefit**

**Supreme Court in “Mangalore Chemicals & Fertilizers Ltd. v. Deputy Commissioner (1991) 55 ELT 437 (SC) held that procedural lapse cannot defeat substantive rights.”**

Refund of unutilized ITC under Section 54(3) CGST Act is a substantive right and cannot be denied solely for procedural shortcomings.

The appellant contends that the audit observations are based on procedural technicalities which cannot result in denial of substantive rights of refund.

Therefore, the refund of unutilized ITC claimed under merchant exports is legally sustainable.

The appellant engaged a registered merchant exporter who executed exports.

The Hon'ble Supreme Court in **Commissioner of Central Excise v. M/s A.S. Engg. Works** [2014 (302) ELT 393 (SC)] and **Union of India v. M/s Hero Cycles Ltd.** [2020 (36) GSTL 529 (SC)] **has emphasised that procedural lapses should not defeat substantive rights.**

**Allegations by Respondents:-**

**5. Why Interest and penalty should not be levied due to non fulfillment of conditions??**

**Submission by Appellant:**

The appellant submits that since there was no intentional evasion or suppression of facts, and all transactions were genuine, levy of interest and penalty under Section 73 and Section 122 is harsh and unjust.

The appellant prays for waiver of penalty and interest in line with the principle of natural justice and considering the bona fide nature of the transactions.

**5. Order Passed Without Proper Appreciation of Facts and Evidence:**

The impugned order appears to have been passed without a proper appreciation of the facts and the evidence submitted by the Appellant during the audit proceedings and subsequent replies. The conclusions drawn seem to be based on assumptions rather than a thorough examination of the documentary evidence provided.

**6. Matter not previously filed or pending in any authority.**

The Appellant further states that the present matter is not *pendente lite* before any authority as the appellant is in possession of the order passed by the first appellate authority. This is the second remedy of appeal availed by the Appellant

**The Appellant reserves the right to add, alter, or amend the grounds of appeal with the permission of the Hon'ble Tribunal**



**(Annexure-6)**

**PRAYER/ Relief Sought:**

In view of the above, it is humbly prayed that the Hon'ble Tribunal may be pleased to:

- a. Set aside the impugned order dated 30.08.2024 passed under Section 73 of the DGST Act, 2017 and the order of the first appellate authority dated 27.02.2025.
- b. Hold that the High Seas Sales transaction is a valid export transaction under GST and exempt from tax under Section 16(1) read with Section 17(2) of the CGST Act and Rule 42 of CGST Rules.
- c. Confirm the claim of refund of unutilized input tax credit under Section 54(3) in respect of Merchant Export transactions.
- d. Quash the demand of tax amounting (Rs. 150,150), interest (Rs. 86,200), and penalty on High Seas Sales transaction;
- e. Waive interest and penalty on the grounds of bona fide nature and technical lapses.
- f. Pass any other order deemed fit and proper in the facts and circumstances of the case.

Date: [22<sup>nd</sup>, May 2025]

Place: New Delhi

**APPELLANT**

**\*\*Verification\*\***

I, [Name of Proprietor/Authorized Signatory], Proprietor/Authorized Signatory of M/s Reham Enterprises, do hereby solemnly affirm and declare that what is stated above is true and correct to the best of my knowledge and belief.

Place: Delhi

Date: 22.05.2025

[Signature of the Appellant/Authorized Signatory]  
[Name of the Proprietor/Authorized  
\*\*M/s Reham Enterprises\*\*  
\*\*(Appellant)\*\*]

(Annexure-7)

**BEFORE THE GOODS AND SERVICES TAX APPELLATE  
TRIBUNAL, DELHI BENCH, NEW DELHI**

**APPEAL No. \_\_\_\_\_ of 2025.**

**IN THE MATTER OF:  
M/S REHAM ENTERPRISES  
GSTIN 1111111  
12, RK Puram  
NEW DELHI**

.....  
**Appellant**

**VERSUS  
THE JOINT COMMISSIONER (APPEAL),  
Zone-2,  
Delhi Goods & Services Tax Department  
Delhi**

.....  
**Respondent**

**AFFIDAVIT**

**Stamp Rs. 25 Advocate Welfare Fund**

I, proprietor of M/s Reham Enterprises s/o..... RK Puram, New Delhi,  
hereby solemnly affirm and declare as under :-

1. That the present petition before the Hon'ble Tribunal has been drafted under the instructions and guidance of my counsel.
- 2 That I am fully aware of the contents of the petition.

Signed and sealed  
Deponent

(Appellant)

VERIFICATION:- That the facts and information given is true and fair to the best of knowledge and belief and nothing material has been concealed therefrom.

Verified on 22nd day of May 2025 at New Delhi.

Signed and sealed  
Deponent

(Appellant)

## **POWER OF ATTORNEY**

Stamp Rs 25/- Advocate Welfare Fund

KNOW ALL MEN BY THIS POWER OF ATTORNEY I, proprietor of Reham Enterprises . aged\_\_\_\_, son of \_\_\_\_\_, RK Puram New Delhi\_\_\_\_, hereby constitute and appoint Sh Mayank Ahuja aged \_\_\_\_\_,son of\_\_\_\_, resident of \_\_\_\_\_, my lawful attorney for me and on my behalf to appear before the MOOT GST APPELLANT TRIBUNAL GST BHAVAN DELHI BENCH NEW DELHI and to present before him for GST ACT 2017 related matters particularly related to cancellation of registration matters. AND to do any other act, deed and thing that may be necessary to complete the work of the same within the time prescribed therefor or any extended period allowed to him under the provisions of various sections of GST ACT 2017, on an application duly made in this behalf by my said attorney.

Proprietor

Reham & Enterprises.

Signed and sealed

Signed by Advocate

Mayank Ahuja

Duly executed on 22nd day of May 2025

## **{Annexure-8(a)}**

### **Show Cause Notice**

**BEFORE THE ASSISTANT COMMISSIONER, ZONE 2, GST DEPTT NEW DELHI**

**In the matter of : Reham Enterprises  
12 R K Puram  
New Delhi**

**GSTIN No. 11111111111**

**DIN NO. 12233444666 10.7.24**

### **SHOW CAUSE NOTICE UNDER SECTION 73 OF THE DGST ACT FOR THE TAX PERIOD 2022-23**

An audit was conducted at your business premises based on an audit note dated 10.4.24. The audit was completed on 10.06.24 and an audit report was given to you. During the audit proceedings the following were noticed:

1. That you are dealing with **resale of mobile phones including exports and imports**. You are not the distributor for any OEM from India or from outside India. You simply buy and sell the mobile phones.

2. During the course of audit it was noticed that you had made **an high seas sales** amounting to Rs 560000/- to one M/s Ahsaan Enterprises, Delhi. When documents were examined as made available by you during audit proceedings it was seen that the high seas sales invoice did not carry any details of items except some code numbers nor any packing list was enclosed. Further, while the **bill of lading was endorsed in** favour of Ahsaan Enterprises it was surprising that the customs duty was paid by you though bill of entry was in the name of Ahsaan Enterprises. This is not permissible as the very genesis of high seas sales was removed when you on your own paid the customs duty. Still further high seas sales being exempt supply there is no reversal of input tax credit in terms of section 16(1) read with Section 17(2) of the DGST Act read with Rule 42.

3. You also made **merchant exports**. While examining the transactions I have observed that the supplier you selected made an export, on your behalf, to one Milan and Co, Dubai worth Rs 375000/- when in fact there was no agreement entered into by you with him.

On checking with the Supplier he failed to satisfy the requirements of merchant exports. There was not back to back arrangement that was put on record or shown to the audit team during the audit proceedings. Hence, you are required to show cause not why such merchant exports be not taxed as per law at the rate of 18 percent with interest and penalty?

You are now required to show cause as to why your high seas sales be not rejected in view of what is mentioned in para 2 above and why the merchant exports be not taxed as per law as per facts mentioned in para 3. It is a clear case where tax has been snort paid to the Government and as per section 73 the same can be recovered. Hence, this DRC 01 is being issued on this day and your reply should reach the undersigned within 15 days from the date of this notice which is being hosted on the portal today itself. You are required to appear in person for personal hearing and also file your reply latest BY 20.7.24. NO FURTHER NOTICE MAY BE GIVEN SHOULD YOU NOT APPEAR ON THIS DAY WITH YOUR REPLY

**Reply filed by appellant {Annexure-8(b)}**

BEFORE THE ASSISTANT COMMISSIONER ZONE 2 DGST DEPTT NEW DELHI

Reham Enterprises  
12 R K Puram  
New Delhi

GSTIN No. 11111111111

DIN NO. 12233444666 30.7.24

Present Shri **MAYANK AHUJA , Adv** for the taxpayer

There is no formal reply filed on line by the tax payer.

Mr Ahuja has brought documents to show how the high seas sales taken; place between the taxpayer and Ahsaan Enterprises. When asked the question was who paid the customs duty and who should have paid customs duty? Mr Ahuja has submitted the the buyer was short of funds and he was given a temporary loan facility to pay the duty and goods were released in his name. When asked whether any paper for such temporary loan facility were prepared, Mr Ahuja said no. When asked whether this transaction take regularly with the buyer he has submitted that this is the first transaction with this buyer and prior to this there was none. When further asked who arranged the transportation of the goods, Mr Ahuja has submitted that he is not aware. When further asked whether payment has been made by the buyer he has submitted not yet. When asked what is the business of the buyer Mr Ahuja has stated that he runs a small departmental store catering to all consumer needs. When asked who signed the HIGH SEAS SALES agreement, the buyer being a proprietor, he has submitted that one of his employees seems to have signed the agreement to complete the procedural facility. When further asked who filed the bill of entry, Mr Ahuja has fairly conceded that the bill of entry too was filed by the taxpayer who completed all the formalities at customs. When further asked about the law on this issue and whether such transactions could be termed as HSS Mr Ahuja confirmed THAT there is nothing wrong with such transactions and vehemently argued that the transaction being a genuine, the buyer having received the goods as per confirmation letter being filed the claim of the tax payer be allowed.

2. Mr Ahuja was also confronted with the transactions of merchant exports which in my view are not complying with the legal issues.

Mr Ahuja was asked the tax invoice for procuring goods does not state GST Rate to be 0.1 percent, the registration of the merchant exporter M/s Raheem Enterprises with EXPORT PROMOTION COUNCIL OR COMMODITY BOARD has not been placed on record, the order was placed with the merchant exporter four months back but the goods have been dispatched much after 90 days period required to be followed, there is no proof brought on record, as noted during audit proceedings, that a copy of the order was provided to the jurisdictional tax officer of the merchant explorer who is a registered supplier, it seems merchant exporter has exported the goods with IGST Payment and not under LUT. Mr Ahuja was confronted that these conditions are pre-conditions before the registered supplier could avail the benefit of concessional rate. Legally speaking as per Section 54(3) of the CGST Act, the merchant exporter can claim a refund of the unutilised ITC at the end of a tax period in case of zero-rated goods or goods involving an inverted tax structure.

Since the taxpayer has failed to satisfy the preconditions to claim concessional tax and to be entitled to refund under section 54(3), why should the entire export transaction

be noted rejected and tax at the rate of 18 percent in the hands of the tax payer with interest and penalty?

Mr Ahuja could not answer the above questions and he was asked whether he has complied with the above conditions Mr Ahuja was clue less. Kept for orders.

Signed digitally

**Adjudication order passed U/S 73 {Annexure-8(c)}**

**BEFORE THE ASSISTANT COMMISSIONER ZONE 2 DGST DEPTT NEW DELHI**

**Reham Enterprises  
12 R K Puram  
New Delhi  
GSTIN No. 11111111111**

**DIN NO. 12233444666  
DATED- 30.8.24**

**ADJUDICATION ORDER UNDER SECTION 73 OF THE DGST ACT 2017 FOR Tax Period 2022-23**

The taxpayer is a registered tax payer under section 25 of the DGST Act and deals in trading of mobile phones. Based on audit report a copy of which was supplied to the tax payer a she cause notice under section 73 of the Act was issued to the taxpayer dated 10.7.24 and instead of filing a reply the taxpayer through his counsel appeared on 30.7.24 and advanced his arguments on two issues - why HSS should not be rejected and why refund claimed on Merchant Exports of the unutilised ITC be not recovered?

I have considered the contentions of the counsel as recorded in his presence and duly signed by him on 30.7.24 and feel the taxpayer has failed to substantiate the claims made by him. High Seas sales pre suppose the bill of entry to be filed by the buyer and customs duty too should be paid by him. Here noting of this sort has been proved and above all the mobile phones have been sold to a small departmental store in a village. The transactions like this can happen but the circumstantial evidence as presented do not substantiate the claim. I have no choice but to reject the high seas sales as the preconditions are not satisfied. Accordingly high seas sales made to Ahaan Enterprises, UP is treated as interstate supply under Section 8 of the IGST Act and taxed the rate of 18 percent with interest. Penalty proceedings shall be initiated separately as per law.

On the question of **merchant exports it is clear that the taxpayer has miserably failed to discharge his duties to be entitled to claim the refund that he has claimed in section 54(3) of the DGST Act.** The refund has been erroneously given and claimed by the tax payer as per findings in the reply to show cause notice dated 30.7.24. Hence refund of Rs 42150/- claimed as unutilised ITC is to be recovered back with interest subject to penalty proceedings to be initiated separately..

The taxpayer is there for directed to pay Rs 108000/- towards interstate supply made instead of high sea sales with interest of Rs 65000/- under Section 73 of the DGST Act

The tax payer is also directed to pay Rs 42150/- that he claimed wrongful refund that was erroneously given with interest of Rs 21200/- under section 73 of the DGST Act

Summary:

- |                                |              |
|--------------------------------|--------------|
| i) High Sea Sales (Tax Amount) | Rs. 108000/- |
| ii) Interest on Above          | Rs. 65000/-  |
| iii) Wrongful Refund of ITC    | Rs. 42150/-  |

iv) Interest on above	Rs.21200/-
v) Penalty	
Total (i-iv)	<b>Rs. 2,36,350/-</b>

The amounts should be paid within 30 days from the date of this order which is being put on portal today itself.

**DIGITALLY SIGNED**

AC -2



**CERTIFIED COPY OF FIRST APPEAL ORDER {Annexure-8(d)}**

**Before Joint Commissioner (Appeal) Zone 2, GST Department , Delhi**

**In the matter of :**

**M/s Reham Enterprises  
12 R K Puram  
New Delhi**

**GSTIN No. 11111111111**

**DIN NO. 10235501201 DATED : 27.2..25**

**Order in Original under section 107(9) of the DGST Act  
AY 2022-23**

Present for the Appellant: **Shri Mayank Ahuja, Advocate**

**APPEAL UNDER SECTION 107(1) OF THE DGST ACT READ WITH CGST ACT  
AGAINST THE IMPUGNED ORDER OF THE ASISSTANT COMMISSIONER, ZONE 2  
DATED 30.08.2024**

The tax payer has filed an appeal against the impugned order under section 73 of the DGST Act dated 30.8.24. The applicant has made the pre-deposit and the appeal is filed in time.

In response to various notices sent for personal hearing that the appellant had asked for, Shri Mayank Ahuja, Advocate appeared and presented his arguments.

When confronted with the reply to show cause notice and the impugned order findings Shri Mayank Ahuja vehemently defended the transactions and stated that the proper officer has just worked on presumptions and conjectures and made observations that have no relation to the factual matrix of the case. On high seas sales he argued vehemently that there is nothing in law that prohibits the high seas seller to pay customs duty for and on behalf of the high seas buyer and also complete the procedural formalities more so when the buyer is a small town proprietor of the business. On High Seas Sales Agreement not having been signed by the proprietor he agreed that this is a procedural lapse as there is no authority given to the employee to sign the agreement. Hence he vociferously defended the transactions and prayed that the demand on this ground be dropped with interest.

On the issue of merchant exports too he narrated the same story that there are procedural lapses an such procedural lapses cannot extinguish the substantial right, which is beneficial in nature, of concessional tax and refund of unutilized input tax credit. When confronted with the pre-conditions to be satisfied before claiming concessions Mr Ahuja vehemently argued that the procedures cannot override the Act.

I have heard him at length and also gone through the proceedings recorded by the proper officer. After having carefully read the proceedings sheets and findings recorded by the proper officer where high seas sales transaction has not been accepted as genuine and where merchant export transactions are found not conforming to law, and nothing better has been brought on record by the appellant before also to substantiate his claims that he claims are legitimate; I am unable to agree with the contentions of the counsel and hence find the appeal to be devoid of merits and the same is hereby dismissed and the order of the proper officer regarding tax and interest is confirmed on both the issues involved - high sea sales rejection and merchant exports transactions rejection. THE ORDER IS PUT ON PORTAL TODAY ITSELF.  
Digitally Signed JC(Appeal)

## **Annexure-9**

**Other Miscellaneous Enclosures for Hon'ble Tribunal references:-  
Few documents were not produced because same was not demanded during stage of Audit proceeding, Assistant commissioner hearing, First appellate authority {JC (Appeals)}**

- 1.** Ratified Copies of High Seas Sales Agreement with M/s Ahsaan Enterprises.
- 2.** Bill of Entry in the name of M/s Ahsaan Enterprises.
- 3.** Bill of Lading and other shipping documents related to High Seas Sales.
- 4.** GST invoices issued to M/s Ahsaan Enterprises for HSS transaction.
- 5.** Proof of payment of customs duty by appellant on behalf of buyer.
- 6.** Customs Circular No. 33/2017-Cus dated 1st August 2017 (Attached)
- 7.** Documents substantiating Merchant Export transactions:
  - Order copy with merchant exporter.
  - Export Promotion Council or Commodity Board registration of merchant exporter.
  - LUT filing certificate.
  - Shipping documents and export bills to Milan and Co, Dubai.
  - GST invoices issued by merchant exporter.
- 8.** Copy of refund claim filed under Section 54(3) of CGST Act for unutilized ITC.
- 9.** Correspondence with buyer and merchant exporter regarding transactions.

## **Appellant**

## RATIFIED AGREEMENT

This Ratified Agreement ("Agreement") is made and executed at [City], on this \_\_\_\_ day of \_\_\_\_, 20

### BY AND BETWEEN:

#### **M/s Reham Enterprises,**

a proprietorship/partnership/LLP/company incorporated under the laws of India, having its principal place of business at [Address], PAN: [XXXX], GSTIN: [XXXXX], through its duly authorised representative, hereinafter referred to as the "**Seller**", which expression shall, unless repugnant to the context or meaning thereof, include its successors, legal representatives and permitted assigns,

**of the FIRST PART;**

### AND

#### **M/s Ahsaan Enterprises,**

a proprietorship/partnership/LLP/company incorporated under the laws of India, having its principal place of business at [Address], PAN: [XXXX], GSTIN: [XXXXX], through its duly authorised representative, hereinafter referred to as the "**Buyer**", which expression shall, unless repugnant to the context or meaning thereof, include its successors, legal representatives and permitted assigns,

**of the SECOND PART.**

The Seller and Buyer shall hereinafter collectively be referred to as the "Parties" and individually as a "Party".

---

### WHEREAS:

1. The Seller had entered into a commercial arrangement involving the supply of goods, more particularly described in *Annexure A* attached hereto (the "Goods"), for onward transfer to the Buyer.
2. The said goods were dispatched by the Seller and the transaction was executed on or about \_\_\_\_ [date], on terms and conditions mutually agreed between the parties through commercial correspondences, invoices, and documents of title.
3. The parties now wish to formally **ratify the said transaction**, affirming their respective rights, obligations, and liabilities, and give legal sanctity to the terms previously acted upon.

---

### NOW THIS AGREEMENT WITNESSETH AS UNDER:

1. **Acknowledgement of Transaction**

The Buyer hereby acknowledges and confirms the receipt of Goods as

per the commercial invoice no. \_\_\_\_\_ dated \_\_\_\_\_ raised by the Seller. The Seller confirms that the Goods were supplied and delivered as per the terms mutually agreed.

2. **Ratification**

Both Parties hereby expressly ratify, confirm, and approve the transaction, including the terms of sale, pricing, delivery, quality specifications, and commercial undertakings involved.

3. **Title and Risk**

It is agreed that the title and risk in the Goods passed from the Seller to the Buyer on [date], upon dispatch/delivery at [place of delivery], and the same is in conformity with applicable provisions of the Sale of Goods Act, 1930 and customs regulations as applicable to high seas sales.

4. **Consideration**

The Buyer confirms payment/undertakes to make payment of the agreed consideration amounting to INR \_\_\_\_\_/- (Indian Rupees \_\_\_\_\_ Only), in favour of the Seller as per agreed payment terms. All banking details and transaction references shall be provided in *Annexure B*.

5. **Indemnity**

Both parties agree to indemnify and hold harmless each other against any loss, damage, or liability arising due to any misrepresentation or breach of obligation under the ratified transaction.

6. **Compliance & Documentation**

The Parties agree to co-operate and execute all further documents, including declarations, letters to banks or customs authorities, and make necessary representations for ensuring proper compliance with Indian GST, Customs Act, and other applicable laws.

7. **Jurisdiction**

This Agreement shall be governed by and construed in accordance with the laws of India. Any dispute arising out of or in connection with this Agreement shall be subject to the exclusive jurisdiction of the courts at [City].

8. **Entire Agreement**

This Agreement along with its annexures constitutes the entire understanding between the Parties and supersedes any prior communications, oral or written.

---

**IN WITNESS WHEREOF, the Parties have executed this Agreement on the day and year first above written.**

---

**FOR M/s REHAM ENTERPRISES**

(SELLER)

Signature: \_\_\_\_\_

Name:

Designation:

Date:

**FOR M/s AHSAAN ENTERPRISES**

(BUYER)

Signature: \_\_\_\_\_  
Name:  
Designation:  
Date:

---

**Witnesses:**

1. Signature: \_\_\_\_\_  
Name:  
Address:
  2. Signature: \_\_\_\_\_  
Name:  
Address:
-

## BILL OF ENTRY

(Customs Clearance Document under Section 46 of the Customs Act, 1962)

---

1. *Bill of Entry Number:* [XXXXXXXXXXXXXX]

2. *Date of BOE Filing:* [DD/MM/YYYY]

3. *Customs House Code:* [Custom House Code]

4. *Port of Import:* [Name of Indian Port e.g., Nhava Sheva / Chennai / ICD Tughlakabad]

5. *Type of BOE:* ☐ Home Consumption ☐ Warehousing ☐ Ex-Bond  
☐ High Seas Sale

---

### PART A – IMPORTER DETAILS

- **Name of Importer:** M/s [Ahsaan Enterprises]
  - **IEC Number:** [XXXXXXXXXXXXXX]
  - **GSTIN:** [XXXXXXXXXXXXXXXXXX]
  - **Address:** [Full Registered Address of Importer]
  - **PAN:** [XXXXXXXXXXXXXX]
- 

### PART B – SELLER/EXPORTER DETAILS

- **Name of Foreign Supplier:** [e.g., M/s Milan and Co., Dubai]
  - **Country of Origin:** [e.g., United Arab Emirates]
  - **Invoice Number & Date:** [INV/1234 dated DD/MM/YYYY]
  - **Currency:** USD / EUR / INR
  - **Payment Terms:** [e.g., FOB / CIF / High Seas Agreement]
- 

### PART C – SHIPPING DETAILS

- **Bill of Lading No. / Airway Bill:** [BL No. / AWB No.]
- **Date of Shipment:** [DD/MM/YYYY]
- **Vessel/Flight Name & No.:** [e.g., MSC Luna V.123]
- **Port of Loading:** [e.g., Jebel Ali]
- **Port of Discharge:** [e.g., Nhava Sheva]
- **Mode of Transport:** Sea / Air / Courier / Land

- **Package Details:** [e.g., 10 Crates / 5 Pallets / 200 Cartons]

---

#### PART D – GOODS DESCRIPTION

S. No.	Description of Goods	HS Code	Qty	Unit	Unit Value (INR)	Total Value (INR)	Rate of Duty (%)	Duty Amount (INR)
1	[Item Description]	[HSN]	[10]	[Kg]	[XXX.XX]	[XXXX.XX]	[Basic + IGST]	[XXXX.XX]

**Total Assessable Value (INR):** ₹ [XXXX.XX]

**Total Customs Duty (INR):** ₹ [XXXX.XX]

**Total IGST on Import (if any):** ₹ [XXXX.XX]

---

#### PART E – DECLARATION

I/We hereby declare that the above particulars are true and correct and nothing has been concealed therefrom. I/We undertake full responsibility for the correctness of the particulars and the declared value, and agree to abide by the provisions of the Customs Act, 1962 and rules made thereunder.

**Place:** [City]

**Date:** [DD/MM/YYYY]

**Signature of Importer / Customs Broker**

Name:

IEC No.:

Customs Broker License No.:

Mobile / Email:

## **BILL OF LADING**

B/L Number: REH-AHS-BL-001

Date of Issue: 22/05/2025

Place of Issue: Delhi, India

### **1. Shipper (Exporter):**

M/s Reham Enterprises

B-12, Industrial Area, Okhla Phase II, New Delhi - 110020

GSTIN: XXXXXXXXXXXXX

Contact:

### **2. Consignee (Buyer):**

M/s Ahsaan Enterprises

C-45, Navi Mumbai Industrial Zone, Mumbai - 400703

GSTIN: XXXXXXXXXXXXX

### **3. Notify Party:**

Same as Consignee

### **4. Vessel & Voyage No.:**

MSC Luna, Voyage No. 123

### **5. Port of Loading:**

Jebel Ali, UAE

### **6. Port of Discharge:**

Nhava Sheva, India

### **7. Place of Delivery:**

Mumbai, India

### **8. Description of Goods:**

Marks & Numbers: R/A-2025

No. of Packages: 100 Cartons

Description of Goods: Textile Garments

Gross Weight: 1200 Kg

Net Weight: 1150 Kg

Volume: 10 CBM

### **9. Freight Details:**

Freight Payable at: Destination

Freight Terms: Freight Collect

INCOTERM: CIF



**10. Container / Seal Numbers:**

Container No.: TCLU1234567

Seal No.: REHSEA2025

**11. Number of Original B/Ls Issued:**

Three Originals

Surrender Required at Destination

**12. Cargo Movement Type:**

FCL (Full Container Load)

**13. Declaration by Carrier:**

Received in apparent good order and condition (unless otherwise stated herein) the total number of packages or units enumerated above for carriage subject to the terms and conditions hereof. The Carrier shall not be liable for loss or damage to the goods except as provided in the Hague/Hague-Visby Rules.

For and on behalf of the Carrier:

Name: \_\_\_\_\_

Designation: \_\_\_\_\_

Date: 22/05/2025

(Signature & Company Seal)

**14. Shipper's Certification:**

I/We hereby certify that the particulars furnished above are true and correct and in accordance with the Invoice and Packing List provided.

Signature of Shipper: \_\_\_\_\_

Name: \_\_\_\_\_

Designation: \_\_\_\_\_

Date: 22/05/2025

**Government of India  
Ministry of Finance  
Department of Revenue  
(Central Board of Excise & Customs)**

**Circular No. 33 /2017-Customs, dated the 1st August, 2017**

**Subject:Leviability of Integrated Goods and Services  
Tax (IGST) on High Sea Sales of imported  
goods and point of collection thereof-reg.**

Reference has been received in the Board regarding clarity on **Leviability of Integrated Goods and Services Tax (IGST) on High Sea Sales of imported goods.**

2. The issue has been examined in the Board. 'High Sea Sales' is a common trade practice whereby the original importer sells the goods to a third person before the goods are entered for customs clearance. After the High sea sale of the goods, the Customs declarations i.e. Bill of Entry etc is filed by the person who buys the goods from the original importer during the said sale. In the past, CBEC has issued various instructions regarding high sea sales appropriating the contract price paid by the last high sea sales buyer into the Customs valuation [Circular No. 32/2004-Cus., dated 11-5-2004 refers].
3. As mentioned earlier, all inter-state transactions are subject to IGST. High sea sales of imported goods are akin to inter-state transactions. Owing to this, it was presented to the Board as to whether the high sea sales of imported goods would be chargeable to IGST twice i.e. at the time of Customs clearance under sub-section (7) of section 3 of Customs Tariff Act, 1975 and also separately under Section 5 of The Integrated Goods and Services Tax Act, 2017.
4. GST council has deliberated the levy of Integrated Goods and Services Tax on high sea sales in the case of imported goods. The council has decided that IGST on high sea sale (s) transactions of imported goods, whether one or multiple, shall be levied and collected only at the time of importation i.e. when the import declarations are filed before the Customs authorities for the customs clearance purposes for the first time. Further, value addition accruing in each such high sea sale shall form part of the value on which IGST is collected at the time of clearance.
5. The above decision of the GST council is already envisioned in the provisions of subsection (12) of section 3 of Customs Tariff Act, 1975 inasmuch as in respect of imported goods, all duties, taxes, cesses etc shall be collected at the time of importation i.e. when the import declarations are filed before the customs authorities for the customs clearance purposes. The importer (last buyer in the chain) would be required to furnish the entire chain of documents, such as original Invoice, high-seas-sales-contract, details of service

charges/commission paid etc, to establish a link between the first contracted price of the goods and the last transaction. In case of a doubt regarding the truth or accuracy of the declared value, the department may reject the declared transaction value and determination the price of the imported goods as provided in the Customs Valuation rules.

6. Field formations are requested to decide the cases of high sea sales of imported goods accordingly. Difficulties, in the implementation of this circular may be brought to the knowledge of the Board.

**F.No.450/131/2017-CusIV**  
**Yours faithfully**  
**(Zubair Riaz)**  
**Director (Customs)**